

# INDUSTRY CIRCULAR

OFFICE OF THE COMMISSIONER OF INTERNAL REVENUE  
ALCOHOL AND TOBACCO TAX DIVISION



WASHINGTON 25, D. C.

Industry Circular No. 60-36

September 28, 1960

## TAXES ON LARGE CIGARS


Manufacturers and importers of large cigars;  
and proprietors of customs bonded  
manufacturing warehouses, class 6:

Purpose. This is to advise you of the enactment of Public Law 86-779, 86th Congress, 2nd Session, which amends section 5701(b) of the Internal Revenue Code by striking out "exclusive of any State or local taxes imposed on the retail sale of cigars" and inserting in lieu thereof "exclusive of any State or local taxes imposed on cigars as a commodity."

Effect. Section 5701(b) of the Internal Revenue Code, as amended by this Act, provides that in determining the retail price for Federal tax purposes regard is to be had to the ordinary retail price of a single cigar in its principal market, exclusive of any State or local taxes imposed on cigars as a commodity, whether they are taxes on the wholesale, retail, or manufacturers' price. However, this is not intended to provide any exclusion for taxes such as those on gross receipts, income, or personal property.

Effective date. Public Law 86-779 is effective with respect to cigars removed from domestic factories or released from customs custody on and after October 9, 1960.

Inquiries. Inquiries in regard to this industry circular should refer to its number and be addressed to the office of your assistant regional commissioner (alcohol and tobacco tax).

  
Dwight E. Avis  
Director, Alcohol and Tobacco Tax Division